

Country	Year	Population (millions)	Urban population (millions)	Urban population (%)	Population density (per sq km)
Algeria	1975	10.5	4.5	42.9	10.5
Algeria	1980	11.5	5.5	47.8	11.5
Algeria	1985	12.5	6.5	51.6	12.5
Algeria	1990	13.5	7.5	55.5	13.5
Algeria	1995	14.5	8.5	58.6	14.5
Algeria	2000	15.5	9.5	61.3	15.5
Algeria	2005	16.5	10.5	63.6	16.5
Algeria	2010	17.5	11.5	65.7	17.5
Algeria	2015	18.5	12.5	67.6	18.5
Algeria	2020	19.5	13.5	69.2	19.5
Algeria	2025	20.5	14.5	70.7	20.5
Algeria	2030	21.5	15.5	72.1	21.5
Algeria	2035	22.5	16.5	73.3	22.5
Algeria	2040	23.5	17.5	74.5	23.5
Algeria	2045	24.5	18.5	75.5	24.5
Algeria	2050	25.5	19.5	76.5	25.5
Algeria	2055	26.5	20.5	77.3	26.5
Algeria	2060	27.5	21.5	78.2	27.5
Algeria	2065	28.5	22.5	78.9	28.5
Algeria	2070	29.5	23.5	79.7	29.5
Algeria	2075	30.5	24.5	80.3	30.5
Algeria	2080	31.5	25.5	81.0	31.5
Algeria	2085	32.5	26.5	81.6	32.5
Algeria	2090	33.5	27.5	82.1	33.5
Algeria	2095	34.5	28.5	82.6	34.5
Algeria	2100	35.5	29.5	83.1	35.5
Algeria	2105	36.5	30.5	83.6	36.5
Algeria	2110	37.5	31.5	84.0	37.5
Algeria	2115	38.5	32.5	84.4	38.5
Algeria	2120	39.5	33.5	84.8	39.5
Algeria	2125	40.5	34.5	85.2	40.5
Algeria	2130	41.5	35.5	85.5	41.5
Algeria	2135	42.5	36.5	85.9	42.5
Algeria	2140	43.5	37.5	86.2	43.5
Algeria	2145	44.5	38.5	86.5	44.5
Algeria	2150	45.5	39.5	86.8	45.5
Algeria	2155	46.5	40.5	87.1	46.5
Algeria	2160	47.5	41.5	87.4	47.5
Algeria	2165	48.5	42.5	87.7	48.5
Algeria	2170	49.5	43.5	88.0	49.5
Algeria	2175	50.5	44.5	88.3	50.5
Algeria	2180	51.5	45.5	88.5	51.5
Algeria	2185	52.5	46.5	88.8	52.5
Algeria	2190	53.5	47.5	89.0	53.5
Algeria	2195	54.5	48.5	89.2	54.5
Algeria	2200	55.5	49.5	89.4	55.5
Algeria	2205	56.5	50.5	89.6	56.5
Algeria	2210	57.5	51.5	89.8	57.5
Algeria	2215	58.5	52.5	90.0	58.5
Algeria	2220	59.5	53.5	90.2	59.5
Algeria	2225	60.5	54.5	90.4	60.5
Algeria	2230	61.5	55.5	90.6	61.5
Algeria	2235	62.5	56.5	90.8	62.5
Algeria	2240	63.5	57.5	91.0	63.5
Algeria	2245	64.5	58.5	91.2	64.5
Algeria	2250	65.5	59.5	91.4	65.5
Algeria	2255	66.5	60.5	91.6	66.5
Algeria	2260	67.5	61.5	91.8	67.5
Algeria	2265	68.5	62.5	92.0	68.5
Algeria	2270	69.5	63.5	92.2	69.5
Algeria	2275	70.5	64.5	92.4	70.5

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METHOD AND SYSTEM FOR MATCHING SHORT TRADING POSITIONS WITH LONG TRADING POSITIONS

This application claims priority to U.S. Provisional Patent application serial number 60/248,133, which was filed November 13, 2000, entitled Method And System
5 For Providing An Efficient, Cost Efficient, Cost Effective Centralized Mechanism By Which A Dealer Looking To Cover Short Positions Will Find A Favorable Rate, the disclosure of which is incorporated herein by reference.

Background Of The Invention

Presently, a securities dealer seeking to cover short positions will individually
10 contact other clients, dealers, brokers or securities lenders to do so. This process is generally time consuming, costly and at times inefficient. Furthermore, unless the dealer seeking to cover short positions contacts each and every broker, dealer or securities lender, there is no way to ensure that the dealer will find the security they need to cover a short position.

15 What is desired, therefore, is a method and system that will provide an efficient, cost effective centralized mechanism by which a dealer seeking to cover short positions will find available long positions at a favorable rate. These and other advantages are achieved by the invention described herein below.

Summary of the Invention

20 In one embodiment, the invention provides a method and system for automatically identifying a counter party position that has a short or long position. The method comprises receiving at a first terminal at least two short positions. Also, receiving at the

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first terminal at least two long positions. Also, identifying at the first terminal a selected short position from the at least two short positions and a selected long position from the at least two long positions, the selected short position and the selected long position identified by parameters associated with the positions. Also, providing sufficient
5 information from the first terminal to a second terminal and to a third terminal to allow a transaction between the selected short position and the selected long position.

Description of the Drawings

The foregoing features and other aspects of the invention are explained in the following description taken in conjunction with the accompanying figures wherein:

10 FIG. 1 illustrates an embodiment of a system that may be used with the invention;

FIG. 2 illustrates an embodiment of steps in a method of the invention; and

FIG. 3 illustrates an embodiment of a system and method according to one embodiment of the invention.

It is understood that the figures are not limiting and are for illustration purposes
15 only.

Detailed Description

The various embodiments of the invention described below may be practiced by a small group of members, such as members of a group or consortium. The embodiments may also be practiced more generally by investors individually or through their broker,
20 dealer, agents, in conjunction with a smaller member group.

To better understand the various embodiments of the invention, it is helpful to generally understand short and long positions within the context of securities and

securities trading. A short position generally means that an investor has sold more of a particular asset or security than they own. A long position generally means that an investor owns more of a particular asset or security than they have sold. The asset or security might be an equity security, such as a stock, or it might be a debt security, such as a bond. Conceptually with a short position, the investor will eventually have to get the rest of the assets they sold, but don't currently own. Alternatively, if an investor has a long position in a particular asset or security, they may be willing to "lend" some of those securities to another investor who has a short position in the same security. Of course, lending generally implies some form of interest or compensation in return to the party owning the securities. In this way, the investor with a long position has an opportunity to earn a profit in the form of interest from their long position, and the investor with a short position has an opportunity to pay a known amount, in the form of interest, to reduce their borrowing costs by covering their short position.

As part of the process of covering a short position with a long position, it is common to use a repurchase agreement ("repo"). A repo is an agreement between two parties whereby one party sells a security to the other at a specified price and stated finance rate with a commitment to repurchase the security at a later date. The finance rate may be fixed or variable. The duration of the trade may be for 1 day (called an Overnight deal), or for a specified duration (called a term deal), or for an indeterminate time, but usually less than 1 year (which is called an Open deal). In essence, a repo is a secured loan. The party purchasing the security is making funds available to the seller and holds the security as a form of collateral.

“Reverse repo” is a term used to describe the other side of a repo transaction. The party selling and later repurchasing the security is said to perform a repo. The other party -- one that purchases and later resells the security -- is said to perform a reverse repo.

Referring to FIG. 1, an embodiment of a system 100 used in the invention includes a number of computers or terminals 102, 103, 104, 105. Computers 102, 103, 104, 105 are interconnected to another computer 106 by a network 108. Computers 102, 103, 104, 105, 106 include at least one processor 110, memory 112, fixed and removable storage for data and/or code 114, 116, input/output devices 118 and network interface devices 120. Interconnection network 108 is the Internet, a direct connection, wired, wireless, infrared or other type of secure or unsecure data and information exchange.

For purposes of the description herein, the various embodiments of the method and system of the present invention may be referred to as “Position Billboard”.

Furthermore, to carry out the concepts of Position Billboard, there is described herein a third party or an entity “NewCo” that participates in or expedites various aspects of Position Billboard.

Generally in one embodiment, the invention is a securities short covering facility that allows members to cover their short positions at more attractive financing rates than current industry alternatives. In this embodiment, the invention systematically obtains long and short position information from each participant or member, processes the information in accordance with any system or member-controlled parameters, matches the short positions of participants with the long positions of other participants, and feeds the resultant activity back to each participant in the form of system-generated finance

trades. NewCo acts as a third party agent, thus allowing the invention to provide anonymity among its participants.

The various embodiments of the invention provide a number of benefits. Some of those benefits are: reduced borrowing costs to participants through reduced fees; reduced margin requirements, thereby saving working capital for the borrower; attracting collateral by enabling participants to further reduce their borrow costs and/or earn incremental revenue for their non-tight lending; and creating balance sheet netting opportunities by booking both trades as Repos / Reverse Repos with a counter party, such as Government Securities Clearing Corporation ("GSCC").

GSCC is an industry service organization that serves to ensure orderly settlement in the government securities market. It should be understood that while the present description of the invention refers to GSCC and the United States securities market, this invention can be implemented for foreign securities markets as well that employ similar netting and counterparty risk criteria.

Other benefits of the embodiments of the invention are: increased liquidity in the lending market by having more collateral available for lending; maintaining the anonymity of participants by providing a third party agent; and creating sales force efficiencies enabling the sales force to focus on revenue generating opportunities.

As described above, an objective of some embodiments of the invention is to provide the NewCo members with a centralized mechanism to pool their long inventory for the purpose of covering short positions and generating the appropriate finance transactions to support those coverings. Finance trades generated by the various

matching processes of the invention are done on an overnight basis at an agreed upon overnight financing rate.

In this manner, the various embodiments of the invention provide members with an efficient and less expensive “market” for short term financing. Without the invention, the majority of this activity is executed through inter-dealer brokers, dealer-to-dealer, and securities lenders. With the invention, participants and members of the NewCo entity save fees paid and margin costs on these transactions.

In order to maintain trading anonymity and facilitate settlement of on-side finance transactions, members of NewCo generally agree that the counterparty to their on-side transactions will be NewCo as agent. Members of NewCo also generally agree to partake in settlements through an Omnibus clearance account under the name of NewCo. This helps to assure that the members’ and participants’ long and short positions, hence their trading strategies, are kept anonymous throughout the settlement cycle. As in the securities lending market, members do have the right to inquire about the identity of the member on the other side of their trades.

NewCo members also have the ability to establish certain “filters” which have the effect of excluding some long or short positions. These filters can be by notional size (high, low or a range), security identifier (such as CUSIP number), security type, maturity range and other parameters, which are apparent to one of ordinary skill in the art. “CUSIP” stands for Committee on Uniform Securities Identification Procedures, and this committee supplies a unique nine-character identification, called the CUSIP number, for each security approved for trading in the U.S., to facilitate clearing and settlement. The filters can also be modified intra-day and any subsequent position refreshes would be

applied to the revised filters. In one embodiment of the invention, the maintenance of filtering parameters is the responsibility of each member, thus insuring that only desired positions are downloaded.

Once the filters have been established, each member downloads their long and short positions, as well as their term repo and reverse repo transactions. Based upon members' parameters and agreed upon processing rules, the invention first attempts to cover a participant or member's short positions by substituting collateral that is out on term and open repo (with other members). NewCo keeps track of original start of day positions it has received from its members, as well as positions that result from the substitution transactions.

After all substitutions have occurred, the process matches the remaining short positions with the long positions of other members and generates the appropriate repo/reverse transactions. An overnight repo transaction is generated for the member with the long position, and an overnight reverse repo is generated for the member with the short position, each with the agreed upon overnight interest rate. In the event the total long position is greater than the total short position for a given CUSIP number, the lending occurs on a pro-rata basis. Similarly, when the total short position is greater than the total long position for a given CUSIP number, the borrowing occurs on a pro-rata basis.

Both the substitution and borrow/loan trades feed to the respective member's proprietary systems for position updating and settlement processing. The counterpart to each trade is the NewCo entity, and each member delivers/receives securities to/from a NewCo Omnibus account. NewCo keeps track of original start of day positions it has

received from its members, as well as positions that result from short covering transactions.

Members have on-line inquiry capability to view only their own filters, restrictions, substitutions, downloaded start of day positions, positions excluded from the start of day download, executed trades and current positions. This information is also available in electronic form to facilitate reconciliations. Members are not able to see the data of other participants.

In one embodiment, the matching process runs once per day. In other embodiments, more than one batch per day is run. The invention also obtains vendor prices, which are used for calculating the market value on (substitution and) borrow/loan transactions.

Referring to FIG. 2, one embodiment of the invention process flow begins at steps 202, 204, where members or participants at terminals 2 and 3 (represented in FIG. 1 by computers 102, 103, 104, 105) identify their long and short positions. As described above, in one embodiment, this occurs on a daily basis. In other embodiments, this occurs at intervals during the trading day.

At steps 206, 208, the members or participants each send the short and long positions that they identified to terminal 3 (represented in FIG. 1 by computer 106).

At steps 210, 212, terminal 3 receives the short and long positions from terminals 1 and 2. The respective positions are handled by terminal 3 in a manner such that they can be individually tracked or traced to the sending participant or member.

At steps 214, 216, terminal 3 filters the positions. This filtering is described generally above, and is according to the parameters that are established by the submitting

member or participant. For example, one participant may require that their positions for a particular security be matched only with certain other participants. Or, they may require that the matching be according to certain allocation percentages. Or they may require that some percentage of their position not be matched.

5 At step 218, after the positions have been filtered, terminal 3 matches short positions with long positions. This matching occurs on a CUSIP basis until all positions that can be matched have been matched.

10 At step 220, terminal 3 considers any filters that have been established and allocates the long positions for each CUSIP to the short positions for that CUSIP. As discussed above, if there are more long positions than short positions, the lending is on a pro-rata basis. Alternatively, if there are more short positions than long positions, the borrowing is on a pro-rata basis.

15 Once the long and short positions have been matched and any allocation completed, then at steps 222, 224, terminal 3 creates the appropriate finance trades and informs terminals 1 and 2 of the trades.

Finally, at steps 226, 228, terminals 2 and 3 receive the position match information.

20 As illustrated in FIG. 2, filtering is performed by terminal 1. However, it is possible that terminals 2 and 3 perform some or all of the filtering before the positions are sent to terminal 1.

As illustrated in FIG. 3, the various elements of system 100 of the invention generally use an open-ended architecture to facilitate and expedite the exchange of information with its clients. Features provided include standardized message formats,

instantaneous restart and recovery, real-time connectivity to clients and a global web-oriented network. In one embodiment, the invention operates within pre-scheduled processing cycles but is designed for real-time execution.

Anonymity among its clients is also a feature of some embodiments of the invention. Each member can view only their data and cannot gain access to other clients' data. Client access is achieved through rigorous sign-on security features such as encrypted sign-on IDs and passwords. Once a client successfully gains access to its own domain, the available functions are based upon the authorization level. Various authorization levels within client firms are established.

Although illustrative embodiments have been described herein in detail, it should be noted and will be appreciated by those skilled in the art that numerous variations may be made within the scope of this invention without departing from the principle of this invention and without sacrificing its chief advantages.

Unless otherwise specifically stated, the terms and expressions have been used herein as terms of description and not terms of limitation. There is no intention to use the terms or expressions to exclude any equivalents of features shown and described or portions thereof and this invention should be defined in accordance with the claims that follow.